

Oil for Nothing...



...And Gas for Free

Royalty Breaks for Big Oil Cost America Billions



NOTE: This report has not been officially adopted by the Committee on Natural Resources and may not necessarily reflect the views of its Members.

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As oil and gas companies rake in record profits, they continue to receive billions of dollars in taxpayer subsidies. These subsidies include not only preferential tax credits and deductions, which congressional Republicans repeatedly voted to preserve in the last Congress, but also less scrutinized royalty breaks that are every bit as costly.

Companies like BP and ExxonMobil usually pay royalties to the American people for oil and gas they extract from public land—including waters in the Gulf of Mexico and elsewhere—which they lease from the U.S. government. However, from 1996 to 2000, the U.S. Department of the Interior, at Congress' direction, granted royalty-free leases to oil and gas companies for deepwater drilling in the Gulf. Those leases continue to be royalty-free, despite high oil prices, because of a successful oil company legal challenge. Royalty-free drilling has already cost billions of dollars in lost revenue and will only become more costly as oil and gas production rises in years ahead. Oil and gas companies have also received millions in breaks from a number of smaller offshore royalty-relief initiatives.

Using previously undisclosed Interior Department data, this report shows the cost of royalty-free drilling, the value of breaks for specific companies, and the amount of oil and gas being taken without compensation to the American people. Specifically, the data show:

- Royalty-free drilling has already cost almost \$11 billion in lost revenue, with royalty-free production approaching 840 million barrels of oil and 3.4 trillion cubic feet of gas.
- Royalty-free drilling will cost an estimated \$15.5 billion in forgone revenue over the next 10 years and may ultimately exceed \$40 billion—equal to the federal income taxes paid each year by 9.4 million American families.¹
- More than 100 oil and gas companies fully or partially own more than 200 royalty-free leases for deepwater drilling in the Gulf of Mexico.
- Up to 3.14 billion barrels of oil equivalent remain for the taking under royalty-free leases. The so-called Big Five oil companies—BP, Chevron, ConocoPhillips, ExxonMobil, and Shell—are sitting on more than half of this total, with 1.6 billion barrels of oil equivalent that they can extract without paying royalties.
- The Big Five have already received more than \$2.8 billion in royalty breaks from the production of 262 million barrels of oil and 361 billion cubic feet of natural gas under royalty-free leases. Close to 100 smaller firms have avoided more than \$8.1 billion in royalty payments for oil and gas produced under such leases.

¹ Based on the average tax rate on median family income for 2011; Tax Policy Center, “Historical Federal Income Tax Rates for a Family of Four,” March 29, 2012, available at <http://www.taxpolicycenter.org/taxfacts/displayafact.cfm?Docid=226>.

- Chevron, which in 2011 reported \$27 billion in profits, is the leading beneficiary of royalty-free drilling, with \$1.5 billion in avoided payments.² Other leading beneficiaries of royalty-free drilling include Anadarko Petroleum Corporation (over \$1 billion), BHP Billiton Petroleum (almost \$680 million), Hess Corporation (more than \$565 million), and Murphy Oil Corporation (nearly \$400 million).
- State-owned foreign firms fully or partially own almost 40 percent of active royalty-free leases and have extracted for free more than 65 million barrels of oil and more than 125 billion cubic feet of natural gas from American waters. These state-owned foreign firms include Italy's Eni, which so far has received \$500 million in royalty breaks and holds 28 active royalty-free leases; Norway's Statoil, which has received \$400 million in royalty breaks and holds 26 such leases; Brazil's Petrobras, which has received \$114 million in royalty breaks and holds 22 active royalty-free leases; and Colombia's Ecopetrol, which has received \$10 million in royalty breaks and holds three such leases.

This report focuses on royalty-free leases granted under the Outer Continental Shelf Deep Water Royalty Relief Act of 1995, or DWRRA. However, oil companies have benefited from other royalty breaks before and after DWRRA's passage.³ The Interior Department has had discretionary authority to provide royalty relief for deepwater production. In addition, the Energy Policy Act of 2005 mandated limited royalty breaks for Gulf of Mexico leases issued in the five years after the act's passage. And in 2004 the Interior Department established a royalty relief program to encourage the drilling of deep gas wells in shallow waters (called the Shallow Water Deep Gas program, or SWDG). The chart below shows how the Big Five oil companies have benefited from DWRRA royalty-free drilling compared to other royalty relief programs.

Big Five Oil and Gas Royalty Relief (in millions)

As of September 2012

	Pre DWRRA	DWRRA	Post DWRRA	SWDG	TOTAL
Chevron	\$ 49	\$ 1,486	\$ -	\$ 91	\$ 1,626
BP	15	757	-	-	772
Shell	-	296	-	-	296
ExxonMobil	-	59	39	-	98
ConocoPhillips	-	19	-	-	19
	\$ 64	\$ 2,617	\$ 39	\$ 91	\$ 2,811

² This number is for DWRRA royalty-free drilling and does not include royalty relief under other initiatives.

³ Government Accountability Office, "Oil and Gas Royalties: Royalty Relief Will Likely Cost the Government Billions, but the Final Costs Have Yet to Be Determined," GAO-07-369T, Jan. 18, 2007, available at <http://www.gao.gov/assets/120/115188.pdf>.

Estimated Royalty-Free Production from Remaining DWRRA Leases¹

	MMBOE²
Chevron	569
Shell	534
BP	395
ExxonMobil	102
ConocoPhillips	14
	<hr/>
	1,614
	<hr/>

¹ The numbers shown here capture reserves and resources in royalty-free lease blocks owned by the companies as of Oct. 1, 2012.

² Million of barrels of oil equivalent.

Sequester Choices

Congress is now debating ways to avoid deep, across-the-board cuts to defense and domestic priorities such as education, transportation, law enforcement and environmental protection. Known as the sequester, these looming cuts were agreed to as part of last year's debt ceiling deal between House Republicans and President Obama. Republican Majority Leader Eric Cantor's web site describes the sequester as "a mechanism to force action" and notes "there is bipartisan agreement that the sequester going into effect would undercut key responsibilities of the federal government."⁴

Ending royalty-free drilling (and other giveaways to oil and gas companies) should represent low-hanging fruit in the search for budget savings to avoid the sequester, which goes into effect March 1 if Congress doesn't reach a deal to stop it. Consider the following advantages:

- It would do nothing to undercut key government responsibilities, unlike the sequester. To the contrary, the \$15.5 billion in revenue generated from such royalty payments over the next decade would support key government responsibilities.
- It would provide just compensation for oil and gas extracted from U.S. waters, which is the property of the American people. The normal royalty rate for companies drilling in deepwater is 18.75 percent of revenues. However, because of royalty-free drilling, the American people are not receiving any payment for roughly 25 percent of the oil currently being produced in the Gulf.⁵

⁴ Office of Majority Leader Eric Cantor, "Preventing Crushing Defense Cuts," available at <http://www.majorityleader.gov/sequester/>.

⁵ Based on analysis of Interior Department data by the House Natural Resources Committee Democratic staff.

- It would end an unfair and unneeded handout that distorts the market and advantages oil and gas over cleaner energy sources. Deepwater offshore drilling is now highly profitable even under the normal royalty rate (as discussed below), and the industry is enjoying record profits. In the decade preceding 2012, the Big Five oil companies posted more than \$1 trillion in profits and accumulated a combined \$58 billion in cash or cash equivalents.⁶
- It would make sure America's oil and gas benefits the American people and is not given away to foreign governments. As noted above, state-owned foreign firms fully or partially own almost 40 percent of active royalty-free leases. When it comes to such leases, the American people may be receiving less benefit from America's oil and gas than citizens of foreign countries with ownership in those oil and gas companies.

Despite these advantages, House Republicans voted down several Democratic amendments in the last Congress that would have required companies with royalty-free leases in the Gulf to start paying the normal deepwater royalty rate.⁷ Even worse, Republican leaders have signaled they would rather let the devastating sequester cuts go forward than eliminate any special breaks or subsidies for oil and gas companies, which have spent more than \$100 million lobbying Congress since 2011.⁸ Royalty-free drilling is among the worst of these giveaways, because it no longer serves its original purpose and instead has become a pure government handout.

From Incentive to Handout

In the early 1990s some in Congress, including then-Senators Bennett Johnston (D-LA) and James McClure (R-ID), began pushing for incentives to boost oil and gas production in the deep waters of the Gulf of Mexico. They argued that royalty-free drilling would encourage deepwater production at a time when the price of oil, then selling for less than \$20 a barrel, was too low to fully compensate for the risks and costs of deepwater drilling.

In 1995, Congress enacted the Outer Continental Shelf Deep Water Royalty Relief Act, or DWRRA, which offered royalty breaks for deepwater leases issued within five years of the act's passage. According to the Interior Department, these breaks resulted in the sale of four times as many deepwater leases as in the five years prior to DWRRA.

DWRRA included so-called "royalty suspension volumes"—that is, royalties were supposed to be paid on oil produced above specified thresholds. These thresholds were 17.5 million barrels of

⁶ Center for American Progress, "Big Oil's Banner Year," Feb. 7, 2012, available at <http://www.americanprogress.org/issues/green/news/2012/02/07/11145/big-oils-banner-year/>.

⁷ House Natural Resources Committee Democratic Staff, "The Republican War on Clean Energy: House Republicans' Votes in the 112th Congress Show Oil-Above-All Agenda," page 17, Oct. 9, 2012, available at http://democrats.naturalresources.house.gov/sites/democrats.naturalresources.house.gov/files/2012-10-09_RepublicanWarOnCleanEnergy.pdf.

⁸ Center for American Progress, "How Big Oil Spent Part of Its \$90 Billion in Profits So Far in 2012," available at <http://www.americanprogress.org/issues/green/news/2012/11/05/43995/how-big-oil-spent-part-of-its-90-billion-in-profit-so-far-in-2012/>.

oil equivalent for waters of 200 to 400 meters; 52.5 million barrels for waters of 400 to 800 meters; and 87.5 million barrels in waters above 800 meters.

The Interior Department at first attempted to apply these thresholds by oil field instead of individual leases. Oil companies often drill under multiple leases in the same oil field, so thresholds would be reached sooner—and royalty payments would begin sooner—if done this way. The oil industry, however, sued over this interpretation and convinced a federal appeals court that volume thresholds can apply only to individual leases. Since then, only two leases have reached the volume threshold of 87.5 million barrels of oil equivalent for 800 meters of water, according to the Interior Department.

The DWRRA also included language intended to suspend royalty-free drilling when oil prices were high—above \$28 per barrel—the logic being that, with a higher price, deepwater drilling was commercially viable and therefore companies should pay normal royalty rates. Interior initially applied a \$28 per barrel price threshold (to be adjusted each year for inflation) for DWRRA leases sold in 1996, 1997 and 2000. (The department failed to set price thresholds for leases issued in 1998 and 1999 in what was called a bureaucratic oversight, but that omission was rendered moot by the legal challenge discussed below.)

At the time, oil was selling for less than \$20 a barrel, but the \$28 threshold would soon be surpassed, which meant DWRRA leaseholders would have to pay royalties. One such company, Kerr-McGee (now owned by Anadarko), brought a lawsuit in 2006 challenging the Interior Department’s authority under DWRRA to set price thresholds for royalty-free drilling. A federal appeals court ultimately sided with Kerr-McGee, finding that DWRRA’s language does not grant Interior the authority to impose price thresholds.

Top 10 DWRRA Royalty-Free Drillers¹
As of September 2012

Owner	Oil Foregone Royalties	Gas Foregone Royalties	Total Foregone Royalties
1 Chevron U.S.A. Inc.	\$ 1,423,044,840	\$ 63,282,633	\$ 1,486,327,474
2 Anadarko US Offshore Corporation	570,418,279	398,777,300	969,195,579
3 BP Exploration & Production Inc.	600,692,191	55,414,053	656,106,244
4 BHP Billiton Petroleum (Deepwater) Inc.	623,877,544	13,654,547	637,532,091
5 Hess Corporation	524,237,313	43,655,941	567,893,254
6 Eni Petroleum US LLC	331,201,685	85,970,458	417,172,144
7 Total E&P USA, INC.	278,848,284	118,583,468	397,431,752
8 Murphy Exploration & Production Company - USA	349,766,700	41,993,519	391,760,218
9 Repsol E&P USA Inc.	378,101,974	3,402,003	381,503,976
10 Nexen Petroleum Offshore U.S.A. Inc.	288,487,683	81,009,119	369,496,803
	<u>\$ 5,368,676,493</u>	<u>\$ 905,743,042</u>	<u>\$ 6,274,419,536</u>

¹ The above amounts do not include foregone royalties from parent and related subsidiary lease owners.

That decision has proven especially costly for the American people as the price of oil has climbed over \$100 a barrel on several occasions and is now above \$90 (see graph below). High oil prices, combined with more advanced deepwater drilling technologies, also make it highly profitable for companies to drill in deepwater, even while paying normal royalty rates. Shallow water oil production has actually declined in recent years, but oil produced from deepwater federal leases reached an all-time high in 2010,⁹ and is expected to rise even higher in years ahead. Deepwater leases today generate more than 90 percent of offshore royalty payments to the federal government.

DWRRRA may have started as a defensible incentive to jumpstart new offshore development, but it has become a costly, unwarranted and unjustifiable government handout. Instead of punishing average Americans with the sequester cuts, House Republicans should join Democrats in repealing special breaks and subsidies for the oil and gas companies. Ending royalty-free drilling should be at the top of the list.

Oil Prices, January 1986 to January 2013



THOMSON REUTERS

⁹ Government Accountability Office, "Interior's Reorganization Complete, but Challenges Remain in Implementing New Requirements," GAO-12-423, July 2012, available at <http://www.gao.gov/assets/600/593110.pdf>.

Appendix Descriptions

APPENDIX A:	Deepwater Royalty Relief Act of 1995 leases	“DWRRA Leases”
APPENDIX B:	Leases prior to the Deepwater Royalty Relief Act of 1995	“Pre-DWRRA Leases”
APPENDIX C:	Leases after Deepwater Royalty Relief Act of 1995	“Post-DWRRA Leases”
APPENDIX D:	Shallow Water Deep Gas leases	“SWDG Leases”

The following are Interior Department descriptions of these royalty-relief categories.

For Pre-DWRRA Leases and Post-DWRRA Leases:

- The price thresholds were exceeded and royalties were due on oil every year from 2004 through 2012.
- The price thresholds were exceeded and royalties were due on gas for years 2000, 2001, 2003, 2004, 2005, 2006, 2007, and 2008. The price thresholds were exceeded for five leases with lease sale dates in 2001.
- The foregone royalties are based on gas royalty volumes for 2002 and 2009 through 2012.

For DWRRA Leases:

- In *Kerr-McGee Oil & Gas Corp. v. Allred*, 554 F.3d 1082 (5th Cir. 2009), the Fifth Circuit held that the Department of Interior does not have authority under the DWRRA Act to impose price thresholds on Eligible leases. Only 2 leases, G19925 and G20082, have reached the volume threshold of 87.5 MMBOE for drilling in at least 800 meters of water. All other eligible leases have foregone royalties.

For Pre-DWRRA Leases, DWRRA Leases and Post-DWRRA Leases:

- The price thresholds for 2012 are estimates. The final 2012 prices will not be finalized until 2013. The current estimates show that the NYMEX prices exceed the thresholds for oil and do not exceed the thresholds for gas. Based on the current estimates, it appears that royalties will be due on oil and will not be due on gas for 2012.
- The record title interest owners were used to allocate the volumes during each calendar year. The operating rights owners may be different than the record title interest owners.

For SWDG Leases:

- The foregone royalties are based on the gas volume thresholds for royalty suspension volumes and on oil and gas volume thresholds for royalty suspension supplement. The price thresholds for shallow water deep gas leases have not been exceeded except for two leases.

For more information, see <http://www.boem.gov/Oil-and-Gas-Energy-Program/Energy-Economics/Royalty-Relief/Index.aspx>.

DWRRA Leases

(Data as of September 2012)

	Owner	Total Oil Production	Total Gas Production	Total Production BOE	Royalty Free Oil Production	Royalty Free Gas Production	Foregone Oil Royalties	Foregone Gas Royalties	Total Foregone Royalties
1	Chevron U.S.A. Inc. Total	144,392,266	96,738,731	161,605,559	132,295,943	92,021,448	\$ 1,423,044,840	\$ 63,282,633	\$ 1,486,327,474
2	Anadarko US Offshore Corporation Total	59,987,727	449,122,589	139,902,754	59,987,727	449,122,589	570,418,279	398,777,300	969,195,579
3	BP Exploration & Production Inc. Total	77,445,864	68,011,307	89,547,515	75,518,970	66,821,722	600,692,191	55,414,053	656,106,244
4	BHP Billiton Petroleum (Deepwater) Inc. Total	57,975,915	18,342,436	61,239,690	57,975,915	18,342,436	623,877,544	13,654,547	637,532,091
5	Hess Corporation Total	49,437,945	52,551,469	58,788,728	49,437,945	52,551,469	524,237,313	43,655,941	567,893,254
6	Eni Petroleum US LLC Total	32,411,709	99,232,308	50,068,699	32,411,709	99,232,308	331,201,685	85,970,458	417,172,144
7	TOTAL E&P USA, INC. Total	33,844,533	137,543,216	58,318,410	30,299,059	136,160,564	278,848,284	118,583,468	397,431,752
8	Murphy Explorati on & Production Company - USA Total	37,780,681	46,486,458	46,052,289	37,780,681	46,486,458	349,766,700	41,993,519	391,760,218
9	Repsol E&P USA Inc. Total	33,239,786	5,854,081	34,281,434	33,239,786	5,854,081	378,101,974	3,402,003	381,503,976
10	Nexen Petroleum Offshore U.S.A. Inc. Total	39,847,515	84,543,916	54,890,916	39,847,515	84,543,916	288,487,683	81,009,119	369,496,803
11	Marubeni Oil & Gas (USA) Inc. Total	21,008,394	149,883,571	47,678,058	21,008,394	149,883,571	223,826,215	138,917,671	362,743,887
12	Anadarko Petroleum Corporati on Total	14,863,424	163,726,861	43,996,318	14,863,424	163,726,861	127,124,726	132,827,709	259,952,435
13	Pioneer Natural Resources USA, Inc. Total	2,432,170	257,945,941	48,330,025	2,432,170	257,945,941	14,623,918	243,355,902	257,979,820
14	Shell Offshore Inc. Total	18,521,664	76,839,012	32,194,086	18,521,664	76,839,012	193,996,691	60,754,084	254,750,775
15	Statoil Gulf of Mexico LLC Total	27,968,393	12,796,969	30,245,432	22,754,460	10,763,658	247,879,712	6,534,044	254,413,756
16	Noble Energy, Inc. Total	21,707,970	33,088,367	27,595,578	21,707,970	33,088,367	207,257,693	30,382,032	237,639,724
17	Mariner Energy, Inc. Total	11,661,831	163,027,639	40,670,307	11,661,831	163,027,639	61,589,002	127,796,468	189,385,470
18	OXY USA Inc. Total	22,756,796	17,902,710	25,942,332	22,756,796	17,902,710	131,317,884	16,825,927	148,143,811
19	Devon Energy Production Company, L.P. Total	4,526,998	117,032,497	25,351,282	4,526,998	117,032,497	29,518,622	118,609,355	148,127,978
20	Dominion Exploration & Production, Inc. Total	12,585,093	54,499,998	22,282,600	12,585,093	54,499,998	93,942,910	51,717,776	145,660,686
21	Statoil USA E&P Inc. Total	9,460,684	10,345,958	11,301,598	9,460,684	10,345,958	115,753,462	6,971,297	122,724,759
22	Ocean Energy, Inc. Total	5,791,144	94,932,128	22,682,975	5,791,144	94,932,128	29,392,981	88,109,390	117,502,371
23	BP America Production Company Total	10,276,445	6,670,652	11,463,394	9,313,142	6,075,948	95,131,450	5,623,697	100,755,147
24	Union Oil Company of California Total	7,492,809	15,737,755	10,293,121	7,492,809	15,737,755	79,808,454	9,814,319	89,622,773
25	Energy Resource Technology GOM, Inc. Total	5,334,378	22,400,693	9,320,267	5,334,378	22,400,693	63,300,072	20,867,295	84,167,368
26	Walter Oil & Gas Corporation Total	5,017,990	40,178,756	12,167,236	5,017,990	40,178,756	48,103,564	26,757,813	74,861,377
27	Callon Petroleum Operating Company Total	7,341,938	7,121,877	8,609,177	7,341,938	7,121,877	63,698,473	6,670,227	70,368,700
28	Newfield Exploration Company Total	1,802,971	31,544,034	7,415,786	1,802,971	31,544,034	23,278,365	27,164,232	50,442,597
29	Apache Corporation Total	3,256,191	20,519,649	6,907,375	3,256,191	20,519,649	32,862,821	13,833,555	46,696,376
30	Shell Gulf of Mexico Inc. Total	3,759,559	10,311,763	5,594,390	3,759,559	10,311,763	31,657,362	9,940,595	41,597,957
31	JX Nippon Oil Exploration (U.S.A.) Limited Total	1,432,245	27,074,412	6,249,756	1,432,245	27,074,412	16,049,509	24,086,617	40,136,126
32	Energy Resource Technology, Inc. Total	2,799,153	20,713,757	6,484,874	2,799,153	20,713,757	18,890,271	21,139,472	40,029,743
33	W & T Energy VI, LLC Total	2,797,535	8,375,688	4,287,871	2,797,535	8,375,688	35,221,619	4,698,418	39,920,037
34	Mobil Producing Texas & New Mexico Inc. Total	3,726,848	8,651,926	5,266,335	3,726,848	8,651,926	31,484,181	8,380,134	39,864,315

APPENDIX A
(Continued)

DWRRRA Leases
(Data as of September 2012)

	Owner	Total Oil Production	Total Gas Production	Total Production BOE	Royalty Free Oil Production	Royalty Free Gas Production	Foregone Oil Royalties	Foregone Gas Royalties	Total Foregone Royalties
35	Marubeni Offshore Production (USA) Inc. Total	3,395,800	3,708,294	4,055,639	3,395,800	3,708,294	27,903,696	3,987,774	31,891,470
36	Energy XXIGOM, LLC Total	2,060,994	8,332,414	3,543,629	2,060,994	8,332,414	25,639,334	5,246,400	30,885,734
37	ATP Oil & Gas Corporation Total	1,212,153	14,443,759	3,782,216	1,212,153	14,443,759	16,747,236	13,332,115	30,079,352
38	Petrobras America Inc. Total	1,969,217	10,476,595	3,833,380	1,969,217	10,476,595	19,878,665	9,343,478	29,222,143
39	Pogo Producing Company Total	3,754,111	14,979,457	6,419,491	3,754,111	14,979,457	17,689,303	10,973,156	28,662,460
40	Apache Deepwater LLC Total	705,200	25,378,263	5,220,903	705,200	25,378,263	9,965,107	13,566,460	23,531,566
41	Deep Gulf Energy LP Total	381,269	21,977,647	4,291,882	381,269	21,977,647	5,543,956	15,407,943	20,951,899
42	LLOG Exploration Offshore, L.L.C. Total	1,380,099	3,587,353	2,018,417	1,380,099	3,587,353	18,460,152	1,997,334	20,457,487
43	Mobil Oil Exploration & Producing Southeast Inc. Total	1,455,670	1,221,870	1,673,084	1,455,670	1,221,870	18,108,717	710,812	18,819,528
44	ConocoPhillips Company Total	1,395,306	523,539	1,488,462	1,395,306	523,539	16,485,611	397,456	16,883,068
45	EOG Resources, Inc. Total	9	22,005,998	3,915,667	9	22,005,998	117	15,949,535	15,949,652
46	MCX Gulf of Mexico, LLC Total	1,305,414	489,808	1,392,568	1,305,414	489,808	15,423,529	371,849	15,795,378
47	W & T Offshore, Inc. Total	1,574,270	2,087,437	1,945,697	1,574,270	2,087,437	13,440,921	1,848,524	15,289,446
48	Walter Petroleum Corporation Total	863,177	12,405,699	3,070,600	863,177	12,405,699	7,001,948	7,986,771	14,988,719
50	Burlington Resources Offshore Inc. Total	1,393,121	3,472,916	2,011,076	1,393,121	3,472,916	11,790,934	2,274,873	14,065,807
51	Walter Hydrocarbons, Inc. Total	1,122,178	2,027,481	1,482,939	1,122,178	2,027,481	12,169,431	1,744,087	13,913,518
52	EP Energy E&P Company, L.P. Total	20,182	13,326,758	2,391,491	20,182	13,326,758	113,034	13,249,770	13,362,804
53	Devon SFS Operating, Inc. Total	1,144,772	9,263,832	2,793,138	1,144,772	9,263,832	4,546,827	6,813,363	11,360,190
54	Mariner Gulf of Mexico LLC Total	564,392	5,317,621	1,510,589	564,392	5,317,621	4,848,273	5,477,784	10,326,056
55	Ecopetrol America Inc. Total	830,092	241,854	873,126	830,092	241,854	10,163,386	135,482	10,298,869
56	Sojitz Energy Venture, Inc. Total	622,943	923,363	787,242	622,943	923,363	9,059,768	476,293	9,536,062
57	Continental Land & Fur Co., Inc. Total	938,287	1,567,279	1,217,162	938,287	1,567,279	7,629,094	1,350,346	8,979,440
58	Walter Operating Corporation Total	928,660	792,622	1,069,696	928,660	792,622	7,555,150	565,525	8,120,676
59	Marathon Oil Company Total	502,254	829,754	649,897	502,254	829,754	7,364,210	321,766	7,685,976
60	Forest Oil Corporation Total	9,521	9,755,426	1,745,362	9,521	9,755,426	35,778	6,240,584	6,276,362
61	Stone Energy Corporation Total	625,993	2,216,658	1,020,416	625,993	2,216,658	3,816,614	2,105,751	5,922,365
62	Tana Exploration Company LLC Total	-	6,727,878	1,197,130	-	6,727,878	-	4,969,531	4,969,531
63	Ridgewood Energy W Fund, LLC Total	331,224	860,964	484,420	331,224	860,964	4,430,439	479,360	4,909,799
64	Samedan Oil Corporation Total	329,421	5,944,410	1,387,145	329,421	5,944,410	1,105,895	3,061,111	4,167,006
65	Sojitz GOM Deepwater, Inc. Total	288,304	416,025	362,330	288,304	416,025	3,883,991	250,421	4,134,412
66	MitEnergy Upstream LLC Total	347,101	807,597	490,801	347,101	807,597	3,275,292	814,714	4,090,005
67	EP Energy Management, L.L.C. Total	140,065	4,572,222	953,628	140,065	4,572,222	553,158	3,149,470	3,702,628
68	Arena Exploration LLC Total	238,289	336,032	298,080	238,289	336,032	3,464,919	173,772	3,638,691
69	Mariner Energy Resources, Inc. Total	9,098	2,425,752	440,726	9,098	2,425,752	111,702	3,067,351	3,179,053

DWRRRA Leases
(Data as of September 2012)

	Owner	Total Oil Production	Total Gas Production	Total Production BOE	Royalty Free Oil Production	Royalty Free Gas Production	Foregone Oil Royalties	Foregone Gas Royalties	Total Foregone Royalties
70	Howell Group, Ltd. Total	233,655	1,370,174	477,459	233,655	1,370,174	2,194,965	948,079	3,143,044
71	Remington Oil and Gas Corporation Total	405,153	811,519	549,551	405,153	811,519	2,228,093	706,007	2,934,100
72	CL&F Resources LP Total	190,631	268,825	238,465	190,631	268,825	2,771,932	139,017	2,910,950
73	Conoco Inc. Total	330,451	1,780,000	647,177	330,451	1,780,000	1,069,895	1,178,865	2,248,760
74	Ridgewood Energy Gulf of Mexico Oil and Gas Fund, L.P. Total	138,010	358,735	201,842	138,010	358,735	1,846,014	199,733	2,045,748
75	Ridgewood Energy O Fund, LLC Total	138,010	358,735	201,842	138,010	358,735	1,846,014	199,733	2,045,748
76	Ridgewood Energy V Fund, LLC Total	138,010	358,735	201,842	138,010	358,735	1,846,014	199,733	2,045,748
77	Ridgewood Energy X Fund, LLC Total	138,010	358,735	201,842	138,010	358,735	1,846,014	199,733	2,045,748
78	Noble Drilling Exploration Company Total	5,783	2,508,488	452,134	5,783	2,508,488	24,760	1,671,956	1,696,715
79	Stone Energy Offshore, L.L.C. Total	111,610	925,807	276,344	111,610	925,807	1,147,744	547,622	1,695,366
80	Black Elk Energy Offshore Operations, LLC Total	81,757	1,202,228	295,675	81,757	1,202,228	959,313	686,679	1,645,993
81	Westport Oil and Gas Company, L.P. Total	50,047	1,463,777	310,505	50,047	1,463,777	249,869	1,048,499	1,298,368
82	Magnum Hunter Production, Inc. Total	153,356	300,032	206,741	153,356	300,032	956,510	271,235	1,227,745
83	Ridgewood Energy B-1 Fund, LLC Total	82,805	215,241	121,104	82,805	215,241	1,107,597	119,840	1,227,437
84	Ridgewood Energy T Fund, LLC Total	82,805	215,241	121,104	82,805	215,241	1,107,597	119,840	1,227,437
85	Ridgewood Energy Y Fund, LLC Total	82,805	215,241	121,104	82,805	215,241	1,107,597	119,840	1,227,437
86	Pisces Energy LLC Total	34,569	1,032,791	218,340	34,569	1,032,791	412,877	788,161	1,201,037
87	Eni Oil US LLC Total	-	1,709,655	304,208	-	1,709,655	-	1,166,063	1,166,063
88	Ridgewood Energy P Fund, LLC Total	69,005	179,368	100,921	69,005	179,368	923,007	99,867	1,022,874
89	Ridgewood Energy Z Fund, LLC Total	69,005	179,368	100,921	69,005	179,368	923,007	99,867	1,022,874
90	Texaco Exploration and Production Inc. Total	114,279	1,052,356	301,531	114,279	1,052,356	382,751	572,997	955,748
91	Ridgewood Energy A-1 Fund, LLC Total	55,203	143,494	80,737	55,203	143,494	738,395	79,893	818,289
92	Ridgewood Energy Q Fund, LLC Total	55,203	143,494	80,737	55,203	143,494	738,395	79,893	818,289
93	Sun Operating Limited Partnership Total	1,218	1,705,054	304,608	1,218	1,705,054	2,307	599,606	601,913
94	Agip Oil US L.L.C. Total	1,433	1,139,932	204,269	1,433	1,139,932	3,626	506,140	509,766
95	Offshore Shelf LLC Total	40,634	134,585	64,581	40,634	134,585	354,657	139,495	494,153
96	Vastar Offshore, Inc. Total	7,150	635,272	120,188	7,150	635,272	23,079	445,482	468,561
97	Walter Oil & Minerals Corporation Total	22,817	360,355	86,938	22,817	360,355	185,125	232,684	417,809
98	Carole Walter Looke (individual) Total	146	341,005	60,823	146	341,005	684	218,879	219,562
99	J. C. Walter III (Individual) Total	146	341,005	60,823	146	341,005	684	218,879	219,562
100	J. C. Walter, Jr., Ltd. Total	144	217,631	38,869	144	217,631	364	131,974	132,339
101	Stone Energy, L.L.C. Total	16,921	6,775	18,127	16,921	6,775	55,522	4,250	59,772
102	Cecil James Looke, III (Individual) Total	18	65,265	11,628	18	65,265	45	40,308	40,353
103	Jack J. Horton, Jr. (individual) Total	18	65,265	11,628	18	65,265	45	40,308	40,353

APPENDIX A
(Continued)

DWRRA Leases
(Data as of September 2012)

	Owner	Total Oil Production	Total Gas Production	Total Production BOE	Royalty Free Oil Production	Royalty Free Gas Production	Foregone Oil Royalties	Foregone Gas Royalties	Total Foregone Royalties
104	Ron A. Wilson (Individual) Total	18	65,265	11,628	18	65,265	45	40,308	40,353
105	Peter A. Hetherington (Individual) Total	-	61,316	10,907	-	61,316	-	38,727	38,727
106	Emily W. Herrmann (Individual) Total	18	41,159	7,340	18	41,159	45	25,448	25,493
107	James H. Dick (individual) Total	18	3,949	721	18	3,949	45	1,581	1,626
TOTAL		829,376,011	2,665,529,573	1,303,669,400	805,630,084	2,655,612,038	\$ 7,719,647,274	\$ 2,279,289,258	\$ 9,998,936,533

Pre-DWRRRA Leases
(Data as of September 2012)

	Owner	Total Oil Production	Total Gas Production	Total Production BOE	Royalty Free Oil Production	Royalty Free Gas Production	Foregone Oil Royalties	Foregone Gas Royalties	Total Foregone Royalties
1	Chevron U.S.A. Inc. Total	16,646,613	34,311,453	22,751,851	12,631,753	9,657,228	\$ 44,475,260	\$ 4,905,255	\$ 49,380,515
2	BHP Billiton Petroleum (Deepwater) Inc. Total	14,186,671	19,409,072	17,640,239	10,231,896	6,823,594	36,600,310	3,470,502	40,070,812
3	ATP Oil & Gas Corporation Total	5,482,776	40,292,150	12,652,199	2,529,097	27,115,188	9,199,793	15,734,668	24,934,461
4	Union Oil Company of California Total	5,589,300	5,409,954	6,551,921	2,584,992	2,187,420	9,399,209	1,189,756	10,588,966
5	BP Exploration & Production Inc. Total	2,435,180	104,382,021	21,008,493	1,361,152	9,459,804	4,670,317	4,811,287	9,481,604
6	BHP Billiton Petroleum (GOM) Inc. Total	2,408,816	15,120,541	5,099,303	2,408,816	2,799,024	7,924,586	1,415,606	9,340,191
7	Eni Petroleum US LLC Total	99,776	50,974,915	9,170,045	53,636	17,083,803	198,208	9,094,645	9,292,853
8	Mariner Energy, Inc. Total	94,696	47,586,969	8,562,128	51,893	15,507,060	191,739	8,205,930	8,397,670
9	BP Exploration & Oil Inc. Total	1,777,661	8,894,392	3,360,292	1,777,661	62,381	5,819,983	21,937	5,841,920
10	Energy Resource Technology GOM, Inc. Total	2,565,137	3,531,853	3,193,581	-	3,531,853	-	1,896,510	1,896,510
11	Sojitz Energy Venture, Inc. Total	768,561	1,056,692	956,584	-	1,056,692	-	533,548	533,548
12	Apache Deepwater LLC Total	528	893,717	159,552	-	893,717	-	516,618	516,618
13	Sojitz GOM Deepwater, Inc. Total	330,784	456,959	412,093	-	456,959	-	279,242	279,242
14	Noble Drilling Exploration Company Total	1,622	649,319	117,160	1,622	380,438	5,963	193,492	199,455
15	Texaco Exploration and Production Inc. Total	22,295	16,728	25,271	22,295	9,139	71,019	4,648	75,668
TOTAL		52,410,417	332,986,735	111,660,713	33,654,813	97,024,300	\$ 118,556,389	\$ 52,273,643	\$ 170,830,032

Post-DWRRRA Leases
(Data as of September 2012)

	Owner	Total Oil Production	Total Gas Production	Total Production BOE	Royalty Free Oil Production	Royalty Free Gas Production	Foregone Oil Royalties	Foregone Gas Royalties	Total Foregone Royalties
1	Anadarko Petroleum Corporation Total	253,780	319,046,491	57,023,616	-	146,145,692	\$ -	\$ 84,842,582	\$ 84,842,582
2	Eni Petroleum US LLC Total	4,454,638	249,820,815	48,906,741	-	108,717,841	-	64,772,273	64,772,273
3	Exxon Mobil Corporation Total	169,618	65,077,596	11,749,262	-	65,077,596	-	38,782,040	38,782,040
4	Nexen Petroleum Offshore U.S.A. Inc. Total	2,708,589	88,076,520	18,380,565	-	46,946,095	-	29,468,014	29,468,014
5	Statoil USA E&P Inc. Total	1,233,718	106,100,564	20,112,821	-	41,940,805	-	24,034,514	24,034,514
6	Newfield Exploration Company Total	5,980,831	70,656,443	18,553,149	-	36,045,217	-	21,323,315	21,323,315
7	Energy Resource Technology GOM, Inc. Total	3,378,094	27,881,925	8,339,290	-	27,854,915	-	16,517,985	16,517,985
8	Anadarko US Offshore Corporation Total	19,719,961	67,396,286	31,712,182	-	19,126,704	-	9,755,886	9,755,886
9	Noble Energy, Inc. Total	6,100,735	23,026,577	10,197,991	-	15,092,919	-	9,072,317	9,072,317
10	Deep Gulf Energy II, LLC Total	1,111,284	13,241,317	3,467,390	-	13,233,600	-	7,711,944	7,711,944
11	LLOG Exploration Offshore, L.L.C. Total	10,254,551	25,418,766	14,777,461	-	11,219,107	-	6,422,531	6,422,531
12	LLOG Exploration & Production Company, L.L.C. Total	23,127	14,729,448	2,644,026	-	9,144,741	-	5,607,765	5,607,765
13	Deep Gulf Energy LP Total	786,532	9,518,103	2,480,145	-	9,514,244	-	5,475,588	5,475,588
14	Energy Partners, Ltd. Total	90,828	7,729,285	1,466,146	-	7,546,459	-	4,536,158	4,536,158
15	Royal Offshore, LLC Total	-	4,790,131	852,337	-	4,790,131	-	2,786,473	2,786,473
16	ATP Oil & Gas Corporation Total	368,866	4,741,058	1,212,470	-	4,741,058	-	2,499,783	2,499,783
17	LLOG Deepwater Development Company, L.L.C. Total	1,723,953	3,428,290	2,333,969	-	3,428,290	-	1,229,650	1,229,650
18	Apache Deepwater LLC Total	832,423	2,344,813	1,249,647	-	2,344,813	-	977,719	977,719
19	Walter Oil & Gas Corporation Total	1,000,703	1,911,231	1,340,779	-	1,911,231	-	976,904	976,904
20	Stone Energy Offshore, L.L.C. Total	107,823	1,639,147	399,487	-	1,639,147	-	587,925	587,925
21	Sojitz Energy Venture, Inc. Total	473,498	779,752	612,244	-	779,752	-	370,070	370,070
22	Ridgewood Energy Corporation Total	444,517	727,178	573,908	-	727,178	-	353,198	353,198
23	Andromeda Resources II, LLC Total	748	614,390	110,070	-	481,302	-	295,145	295,145
24	Energy XXI GOM, LLC Total	37,198	290,125	88,823	-	290,125	-	152,159	152,159
25	Davis Offshore, L.P. Total	2,266,085	2,249,078	2,666,275	-	247,949	-	149,464	149,464
26	Mariner Energy, Inc. Total	25,244	6,695,628	1,216,637	-	237,498	-	143,357	143,357
27	Arena Exploration LLC Total	22,727	370,104	88,582	-	370,104	-	132,748	132,748
28	Apache Corporation Total	188,234	212,016	225,959	-	212,016	-	125,157	125,157
29	Arena Energy, LP Total	11,363	185,052	44,291	-	185,052	-	66,374	66,374
30	Ridgewood Energy Y Fund, LLC Total	11,893	158,651	40,123	-	158,651	-	56,905	56,905
31	Murphy Exploration & Production Company - USA Total	135,091	106,258	153,998	-	106,258	-	44,814	44,814
32	LLOG Energy, L.L.C. Total	82,431	62,468	93,546	-	16,529	-	32,498	32,498
33	Ridgewood Energy A-1 Fund, LLC Total	5,946	79,325	20,061	-	79,325	-	28,452	28,452

Post-DWRRRA Leases
(Data as of September 2012)

	Owner	Total Oil Production	Total Gas Production	Total Production BOE	Royalty Free Oil Production	Royalty Free Gas Production	Foregone Oil Royalties	Foregone Gas Royalties	Total Foregone Royalties
34	Ridgewood Energy U Fund, LLC Total	5,946	79,325	20,061	-	79,325	-	28,452	28,452
35	Marubeni Oil & Gas (USA) Inc. Total	404,413	508,110	494,824	-	49,650	-	26,143	26,143
36	Ridgewood Energy O Fund, LLC Total	3,568	47,595	12,037	-	47,595	-	17,071	17,071
37	Stone Energy Corporation Total	555	2,156,705	384,310	-	22,079	-	12,727	12,727
38	Ridgewood Energy Gulf of Mexico Oil and Gas Fund, L.P. Total	2,379	31,730	8,025	-	31,730	-	11,381	11,381
39	BP Exploration & Production Inc. Total	412,859	-	412,859	-	-	-	-	-
40	Dominion Exploration & Production, Inc. Total	834,245	1,150,088	1,038,886	-	-	-	-	-
41	Houston Energy, L.P. Total	80,132	61,581	91,089	-	-	-	-	-
42	Mariner Gulf of Mexico LLC Total	2,248,159	11,177,937	4,237,116	-	-	-	-	-
43	McMoRan Oil & Gas LLC Total	7,885	2,754,876	498,075	-	-	-	-	-
44	MitEnergy Upstream LLC Total	42	-	42	-	-	-	-	-
45	MOEX Offshore 2007 LLC Total	63,517	-	63,517	-	-	-	-	-
46	Offshore Shelf LLC Total	22,494	5,525,224	1,005,629	-	-	-	-	-
47	Pioneer Natural Resources USA, Inc. Total	68,610	13,122,500	2,403,573	-	-	-	-	-
48	Shell Offshore Inc. Total	1,027,976	29,977,361	6,362,026	-	-	-	-	-
49	SM Energy Company Total	600,991	461,858	683,172	-	-	-	-	-
50	W & T Offshore, Inc. Total	3,166	3,918,955	700,489	-	-	-	-	-
TOTAL		69,791,966	1,190,078,676	281,549,721	-	580,582,723	-	\$ 339,427,480	\$ 339,427,480

SWDG Leases
(Data as of September 2012)

	Owner	Total Oil Production	Total Gas Production	Total MCFE Produced	Royalty Free Oil Production	Royalty Free Gas Production	Foregone Oil Royalties	Foregone Gas Royalties	Total Foregone Royalties
1	Chevron U.S.A. Inc. Total	367,700	75,067,060	15,289,050	54,619	11,565,142	3,113,022	83,953,435	87,066,457
2	Apache Corporation Total	636,539	32,567,927	7,490,486	106,090	5,438,376	6,083,930	26,122,757	32,206,687
3	El Paso E&P Company, L.P. Total	43,759	30,067,776	1,999,258	7,293	5,011,300	517,515	31,078,063	31,595,578
4	Stone Energy Corporation Total	-	28,084,929	-	-	4,680,827	-	30,402,749	30,402,749
5	McMoran Oil & Gas LLC Total	73,544	22,408,394	3,357,488	12,257	3,734,734	892,348	19,737,301	20,629,649
6	Energy Partners, Ltd. Total	-	16,910,340	-	-	2,818,393	-	16,916,115	16,916,115
7	Mariner Gulf of Mexico LLC Total	-	14,868,354	-	-	2,478,064	-	14,907,193	14,907,193
8	ATP Oil & Gas Corporation Total	-	11,647,753	-	-	1,941,296	-	12,014,166	12,014,166
9	LLOG Exploration Offshore, Inc. Total	-	9,410,736	-	-	1,568,458	-	9,257,685	9,257,685
10	Devon Energy Production Company, L.P. Total	-	8,366,922	-	-	1,394,487	-	8,853,475	8,853,475
11	Union Oil Company of California Total	-	7,569,582	-	-	1,261,597	-	8,393,865	8,393,865
12	SPN Resources, LLC Total	-	8,429,593	-	-	1,404,935	-	7,986,392	7,986,392
13	Kerr-McGee Oil & Gas Corporation Total	-	6,445,010	-	-	1,074,168	-	7,109,646	7,109,646
14	Palace Exploration Company Total	73,544	6,908,491	3,357,488	12,257	1,151,415	892,348	6,195,334	7,087,682
15	Helis Oil & Gas Company, L.L.C. Total	-	6,782,679	-	-	1,130,447	-	7,072,280	7,072,280
16	Merit Management Partners I, L.P. Total	-	6,632,732	-	-	1,105,456	-	6,998,169	6,998,169
17	Magnum Hunter Production, Inc. Total	792	6,867,080	2,137,713	132	1,144,513	6,898	6,982,161	6,989,059
18	BHP Petroleum (Americas) Inc. Total	-	7,620,290	-	-	1,270,049	-	6,765,128	6,765,128
19	Seneca Resources Corporation Total	-	6,056,781	-	-	1,009,464	-	6,342,102	6,342,102
20	Tana Exploration Company LLC Total	-	4,764,752	-	-	794,126	-	4,911,738	4,911,738
21	Merit Management Partners III, L.P. Total	-	4,442,576	-	-	740,429	-	4,687,344	4,687,344
22	CL&F Resources LP Total	-	4,269,482	-	-	711,580	-	4,314,785	4,314,785
23	Newfield Exploration Company Total	-	4,946,024	-	-	880,325	-	3,907,729	3,907,729
24	W&T Offshore, Inc. Total	137,304	2,582,438	1,795,328	17,163	387,753	1,023,660	2,703,222	3,726,881
25	Chevron Oil Company Total	16,866	3,563,753	3,658,540	2,811	593,960	131,984	3,591,683	3,723,667
26	Pure Partners, L.P. Total	-	3,475,825	-	-	579,304	-	3,635,995	3,635,995
27	Mariner Energy, Inc. Total	-	3,288,793	-	-	548,132	-	3,508,756	3,508,756
28	Red Willow Offshore, LLC Total	-	3,202,706	-	-	533,784	-	3,355,606	3,355,606
29	Millennium Offshore Group, Inc. Total	-	2,989,896	-	-	498,317	-	3,258,974	3,258,974
30	Hunt Oil Company Total	1,177	3,164,070	3,170,686	196	527,345	10,188	3,176,001	3,186,189
31	Callon Petroleum Operating Company Total	-	3,107,653	-	-	517,942	-	3,185,564	3,185,564
32	Fidelity Exploration & Production Company Total	-	2,989,787	-	-	498,298	-	3,123,084	3,123,084
33	Pogo Producing Company Total	-	2,325,630	-	-	387,605	-	2,532,541	2,532,541
34	Ridgewood Energy Corporation Total	-	2,976,428	-	-	500,144	-	2,483,186	2,483,186

SWDG Leases
(Data as of September 2012)

	Owner	Total Oil Production	Total Gas Production	Total MCFE Produced	Royalty Free Oil Production	Royalty Free Gas Production	Foregone Oil Royalties	Foregone Gas Royalties	Total Foregone Royalties
35	Merit Management Partners II, L.P. Total	-	2,221,429	-	-	370,238	-	2,343,820	2,343,820
36	Anadarko Petroleum Corporation Total	-	2,335,575	-	-	391,944	-	2,171,795	2,171,795
37	Stone Energy Offshore, L.L.C. Total	-	2,439,870	-	-	406,645	-	2,112,164	2,112,164
38	Stephens Production Company, LLC Total	-	2,189,724	-	-	378,950	-	1,952,436	1,952,436
39	Energy XXI GOM, LLC Total	-	2,388,362	-	-	398,060	-	1,811,308	1,811,308
40	Fidelity Oil Co. Total	-	1,894,039	-	-	315,673	-	1,803,291	1,803,291
41	Phoenix Exploration Company LP Total	-	1,840,972	-	-	306,829	-	1,800,993	1,800,993
42	Gryphon Exploration Company Total	-	1,751,440	-	-	291,907	-	1,799,999	1,799,999
43	XH, LLC Total	-	2,830,430	-	-	471,738	-	1,784,021	1,784,021
44	TDC Energy LLC Total	-	1,517,535	-	-	252,923	-	1,724,816	1,724,816
45	Offshore Shelf LLC Total	-	1,615,974	-	-	269,329	-	1,660,978	1,660,978
46	Diverse Offshore L.P. Total	-	1,466,902	-	-	244,484	-	1,399,389	1,399,389
47	HE&D Offshore, L.P. Total	-	1,329,788	-	-	221,631	-	1,394,689	1,394,689
48	Sonat Exploration GOM Inc. Total	-	1,218,670	-	-	203,112	-	1,219,182	1,219,182
49	Range Energy Ventures Corporation Total	-	1,154,014	-	-	192,336	-	1,186,214	1,186,214
50	CIECO Energy Ventures LLC Total	-	1,103,600	-	-	183,933	-	1,128,000	1,128,000
51	MitEnergy Upstream LLC Total	-	957,988	-	-	159,665	-	1,118,831	1,118,831
52	Hydro Gulf of Mexico, L.L.C. Total	-	969,362	-	-	161,560	-	1,098,292	1,098,292
53	Cabot Oil & Gas Corporation Total	-	938,488	-	-	156,415	-	1,033,448	1,033,448
54	Forest Oil Corporation Total	5,158	957,289	77,581	860	159,548	38,671	961,598	1,000,269
55	Nexen Petroleum Offshore, U.S.A. Inc. Total	-	1,022,498	-	-	170,416	-	849,085	849,085
56	Hilcorp Energy GOM, LLC Total	32,923	702,723	541,076	5,487	117,121	476,201	352,220	828,421
57	Pioneer Natural Resources USA, Inc. Total	-	817,960	-	-	136,327	-	820,928	820,928
58	Houston Energy, L.P. Total	-	777,104	-	-	129,517	-	803,089	803,089
59	Union Pacific Resources Company Total	69,689	200,534	592,184	11,615	33,422	540,786	218,944	759,730
60	Pisces Energy LLC Total	17,568	1,188,375	558,657	2,928	198,062	219,706	531,016	750,723
61	Whiting Petroleum Corporation Total	-	705,872	-	-	117,645	-	666,176	666,176
62	Northstar Offshore Energy Partners, LLC Total	-	1,025,047	-	-	192,196	-	620,549	620,549
63	El Paso Production GOM Inc. Total	30,946	291,563	465,482	5,158	48,594	232,023	313,891	545,913
64	Cheyenne International Corporation Total	-	508,202	-	-	84,700	-	520,943	520,943
65	Petrobras America Inc. Total	46,459	133,689	394,790	7,743	22,282	360,524	145,962	506,487
66	Walter Oil & Gas Corporation Total	-	725,931	-	-	120,989	-	490,850	490,850
67	Ridgewood Energy Y Fund, LLC Total	-	806,156	-	-	151,154	-	475,744	475,744
68	Black Elk Energy Offshore Ooperations, LLC Total	-	841,840	-	-	140,307	-	452,236	452,236

APPENDIX D
(Continued)

SWDG Leases
(Data as of September 2012)

	Owner	Total Oil Production	Total Gas Production	Total MCFE Produced	Royalty Free Oil Production	Royalty Free Gas Production	Foregone Oil Royalties	Foregone Gas Royalties	Total Foregone Royalties
69	Blue Dolphin Petroleum Company Total	-	401,419	-	-	66,903	-	424,394	424,394
70	Mission Resources Corporation Total	-	433,275	-	-	72,213	-	422,106	422,106
71	The Williams G. Helis Company, L.L.C. Total	-	398,290	-	-	66,382	-	382,657	382,657
72	BP Exploration & Production Inc. Total	-	331,469	-	-	55,245	-	376,745	376,745
73	Roda Drilling, LP Total	-	539,690	-	-	89,948	-	340,029	340,029
74	Challenger Minerals Inc. Total	-	331,431	-	-	55,238	-	333,816	333,816
75	The Houston Exploration Compant Total	-	246,154	-	-	41,026	-	279,776	279,776
76	Tenkay Resources, Inc. Total	-	321,717	-	-	53,620	-	277,687	277,687
77	Merit Energy Partners F-III, L.P. Total	-	262,289	-	-	43,715	-	276,740	276,740
78	Aurora Exploration, L.L.C. Total	-	320,052	-	-	53,342	-	275,483	275,483
79	Merit Energy Partners D-III, L.P. Total	-	248,484	-	-	41,414	-	262,175	262,175
80	Pruet Offshore Company Total	-	198,858	-	-	33,143	-	200,289	200,289
81	Ridgewood Energy U Fund, LLC Total	-	335,898	-	-	62,981	-	198,227	198,227
82	Ridgewood Energy W Fund, LLC Total	-	335,898	-	-	62,981	-	198,227	198,227
83	Marlin Coastal, L.L.C. Total	-	322,081	-	-	53,680	-	195,627	195,627
84	Petrohawk Energy Corporation Total	-	180,708	-	-	30,118	-	192,274	192,274
85	Castex Offshore, Inc. Total	-	360,538	-	-	60,090	-	191,541	191,541
86	Diamond A Exploration Total	-	160,680	-	-	26,780	-	175,923	175,923
87	Natural Gas Partners Assets, LLC Total	5,269	270,526	239,067	878	45,088	77,382	97,032	174,413
88	Probe Resources, Inc. Total	-	182,926	-	-	30,488	-	159,117	159,117
89	Ridgewood Energy O Fund, LLC Total	-	268,719	-	-	50,385	-	158,581	158,581
90	Ridgewood Energy T Fund, LLC Total	-	268,719	-	-	50,385	-	158,581	158,581
91	Hunt Petroleum Corporation Total	-	265,780	-	-	44,297	-	153,204	153,204
92	Bois D.Arc Properties, LP Total	-	127,273	-	-	21,212	-	150,869	150,869
93	Merit Energy Partners III, L.P. Total	-	140,864	-	-	23,477	-	148,625	148,625
94	Mariner Energy Resources, Inc. Total	-	259,433	-	-	43,239	-	147,333	147,333
95	Merit Energy Partners E-III, L.P. Total	-	138,047	-	-	23,008	-	145,653	145,653
96	Remington Oil and Gas Corporation Total	-	107,184	-	-	17,864	-	117,398	117,398
97	Mariner Energy Resources, Inc Total	1,655	78,922	15,881	276	13,154	17,973	85,318	103,290
98	Capco Offshore, Inc. Total	-	88,854	-	-	14,809	-	92,062	92,062
99	Walter E&P, Inc. Total	-	87,827	-	-	14,638	-	91,513	91,513
100	W&T Offshore, Inc Total	-	78,366	-	-	130,610	-	78,534	78,534
101	Arthur J. Pasma Total	-	85,935	-	-	14,322	-	76,457	76,457
102	Palac Exploration Company Total	-	54,969	-	-	9,161	-	56,255	56,255

SWDG Leases
(Data as of September 2012)

	Owner	Total Oil Production	Total Gas Production	Total MCFE Produced	Royalty Free Oil Production	Royalty Free Gas Production	Foregone Oil Royalties	Foregone Gas Royalties	Total Foregone Royalties
103	Milagro Producing, LLC Total	-	48,878	-	-	8,146	-	53,251	53,251
104	Hunt Chieftain Development, L.P. Total	-	42,424	-	-	7,071	-	50,290	50,290
105	Ankor E&P Holdings Corporation Total	-	94,614	-	-	17,740	-	40,206	40,206
106	Lava Exploration, Inc. Total	-	30,488	-	-	5,081	-	26,519	26,519
107	Pure Resources, L.P. Total	-	38,544	-	-	6,424	-	23,411	23,411
108	Dynamic Offshore Resources, Inc. Total	11	35,824	35,884	2	5,971	159	12,849	13,008
109	Ridgewood Energy Gulf of Mexico Oil and Gas Fund, L.P.	-	28,215	-	-	5,290	-	11,990	11,990
110	Howell Group, Ltd. Total	-	8,761	-	-	1,460	-	9,128	9,128
TOTAL		1,560,902	416,232,205	45,176,639	247,765	68,653,959	\$ 14,635,318	\$ 415,379,012	\$ 430,014,330